GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA

STARRED QUESTION NO:186
ANSWERED ON:05.12.2006
EXPORT ORIENTED UNITS
Renge Patil Shri Tukaram Ganpatrao;Shaheen Shri Abdul Rashid

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) the criteria/norms laid down by the Government for setting up of Export Oriented Units(EOUs);

(b) whether any mechanism is available with the Government to check violation of norms laid down for setting up of EOUs;

(c) whether the instances of EOUs violating the norms laid down for such units have come to the notice of the Government; and

(d) if so, the details thereof alongwith the action taken against them during each of the last three years?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY(SHRI KAMAL NATH)

(a) to (d): A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (d) OF LOK SABHA STARRED QUESTION NO.186 FOR ANSWER ON 5TH DECEMBER, 2006 REGARDING `EXPORT ORIENTED UNITS`

(a) Proposals for setting up units under EOU scheme under automatic route are considered by the Unit Approval Committee taking into account the following criteria:

(i) Residence proof in respect of individual/partnership firms of all Directors/Partners.

(Passport/ration card/driving licence/voter identity card or any other proof to the satisfaction of Development Commissioner);

(ii) Income Tax return of all the promoters for the last three years;

(iii) Experience of the promoters;

(iv) Marketing tie-ups

(v) Inspection of the project site by an Officer

(vi)A report from other DCs as to whether any case under EOU/SEZ Scheme in regard to diversion of goods etc. is pending.

Wherever necessary, these are verified through personal interview with the promoters of the project. In the event of the promoters being a well-established entity, the procedure of personal interview can be dispensed with.

Further, as per the provisions of Para 6.6(d) of the Foreign Trade Policy only projects having a minimum investment of Rs. 1 Crores in plant and machinery can be set up under Export Oriented Unit (EOU) scheme. This condition does not apply to proposals for Handicrafts, Agriculture, Floriculture, Aquaculture, Animal Husbandry, Information Technology, Services, Brass Hardware and Handmade jewellery sectors. The Board of Approval (BOA) can also allow establishment of EOUs with a lower investment criteria on a case to case basis.

(b) Fulfillment of these criteria is a pre-condition for approval of the EOU. Fulfillment of the investment norms is checked during the joint monitoring of the performance of EOUs by the Development Commissioner and the jurisdictional Commissioner of Central Excise & Customs on bi-annual basis based on the Annual Performance Reports filed by the EOUs which provide the details of investments in plant and machinery.

(c) & (d) As per available information, no incidents of violation of the minimum investment norms laid down for setting up of units have come to notice.